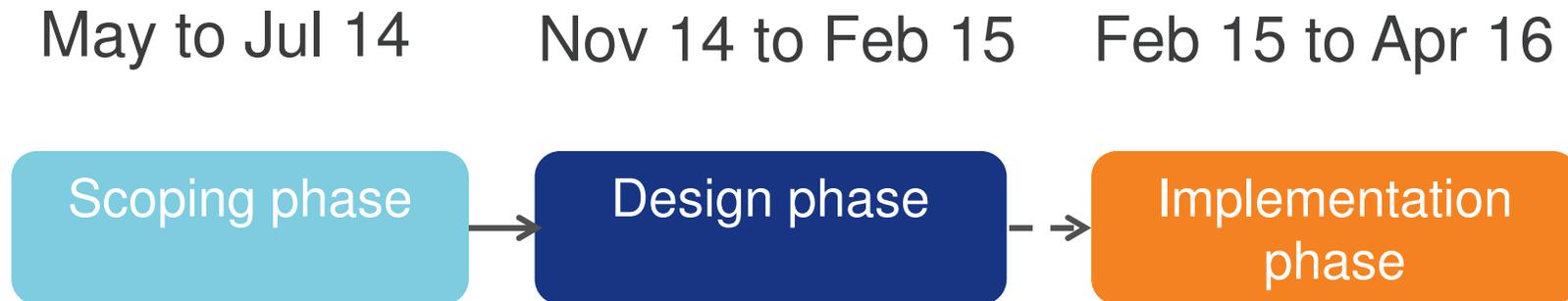


B2B harmonisation

Implications for JGN and
our revised proposal

Background

- Since early 2014, AEMO looking at harmonisation of NSW/ACT B2B and B2M processes with other jurisdictions.



- Our AA expenditure forecasts were locked-down before scoping phase commenced
- AEMO is due to publish its decision to move to implementation on 24 Feb 15 (3 days before our revised proposal is due)
- Go live Apr 16 (10 months into our next AA period)

Further information on the AEMO process



The screenshot shows the AEMO website interface. At the top left is the AEMO logo (Australian Energy Market Operator). To the right is a search bar with 'Google™ Custom Search' and a magnifying glass icon. Below the search bar are links for 'Login', 'Subscribe', 'Contact Us', and 'Follow Us' with social media icons for Twitter, LinkedIn, YouTube, and Facebook. A navigation menu below these links includes 'Electricity', 'Gas', 'Reports & Documents', 'News & Events', 'Consultations' (highlighted in orange), 'About the Industry', and 'About AEMO'. The main content area shows a breadcrumb trail: 'Home > Consultations > IIR - IN006/14 (Harmonisation of NSW/ACT business to business processes)'. The title of the consultation is 'IIR - IN006/14 (Harmonisation of NSW/ACT business to business processes)'. The description states: 'This consultation relates to changes that will standardise NSW/ACT gas business to business (B2B) interfaces with other jurisdictions. The changes involve replacing version 14 of the NSW/ACT Retail Market Procedures (RMP) with the new version and add Participant Build Pack 5 to the NSW/ACT Gas Interface Protocol (GIP). The proposed changes also result in significant IT systems changes for AEMO, Retailers and Network Operators.' Below the description are two download links: 'IIR - IN006-14 Harmonisation of NSW ACT B2B' (9 Jan 2015 | 192 KB (.docx)) and 'IIR IN006-14 Attachments' (9 Jan 2015 | 283 KB (.pdf)).

[http://www.aemo.com.au/Consultations/Gas-Consultations/General/IIR-IN006_14-Harmonisation-of-NSW ACT-business-to-business-processes](http://www.aemo.com.au/Consultations/Gas-Consultations/General/IIR-IN006_14-Harmonisation-of-NSW_ACT-business-to-business-processes)

Net benefits identified by AEMO

The NOUS Group (for AEMO) identified the following benefits from the harmonisation project:

- Distribution networks
 - the avoidance of the costs associated with building a new customised NSW/ACT system
 - benefits associated with streamlining new connection processes.
- Retailers:
 - improvements in service and process management, more accurate billing and workforce efficiencies, which will be achieved by standardising operations across jurisdictions; and
 - a reduction in the barriers to entry into the NSW and ACT retail markets because new entrants that are already operating in other retail markets will no longer have to establish a separate system to operate in NSW or the ACT.
- AEMO – improvements in issue resolution.
- All parties – improved reliability and integrity of the data and delivery processes.

The new obligations fall into three main categories

Timeframes
for providing
meter data

Approximately **6 million** reads per annum

Scheduling
special meter
reads

Over **250,000** special meter reads per annum

Notification of
service order
completion

~**150,000** retailer-initiated service orders per annum (excluding special meter reads)

Other requirements include:

- NECF standards for energisation of new connections;
- Other modifications to existing market transactions and additional exception and issue resolution.

Meeting these obligations - implications for JGN

- There are capex and opex implications from these changes in regulatory obligations, summarised below.

Opex

- **Additional staff to:**
 - meet stricter market timeframes (contract mgt, schedulers, meter readers, back office staff)
 - handle increased retailer enquiries and issues resolution
 - wad and unwad new connections
- Change internal **procedures** and staff **training**
- Manage increased transaction volumes as retailers utilise harmonised transactions

Capex

- IT Infrastructure establishment
- Develop and implement **B2B & B2M** services to support service requests (includes services unique to NSW gas market, eg HW and xfr on estimate)
- New market transactions to support **NECF** and **STTM** obligations
- Support new **service level obligations**
- Conduct **Market Certification & Industry Testing** to ensure compliance with service levels and obligations
- Change management and regression testing
- Manage change for major systems including **SAP**, **webMethods**, Customer **Portal**, Itron and others

Cost recovery approach for discussion

- As we move through the design phase, our cost estimates continue to be refined.
- The *indicative* estimates are capex of \$3-5M in RY16 and incremental opex of \$9-15M over the 5 year period.
- Ultimately, we want to propose the best estimate possible in the circumstances
 - We could include a placeholder estimate of the costs in our revised AA proposal and update this in early March, once AEMO makes its decision.
 - We'd appreciate any feedback on the best way forward.

The background features a complex geometric composition. A large, light blue curved shape on the left contains the word 'Questions'. To its right, a white diagonal band cuts across the frame. Further right, there are dark blue and teal triangular and trapezoidal shapes. The overall aesthetic is modern and minimalist.

Questions